Infrastructure Canada

Departmental Performance Report (DPR)

2008-2009

The Honourable John Baird, P.C., M.P.
Minister of Transport, Infrastructure and Communities

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Minister's Message

John Baird

As Canada's Minister of Transport and Infrastructure, I am pleased to submit Infrastructure Canada's Departmental Performance Report for the period ending March 31, 2009.

In Canada's Economic Action Plan, this government acknowledged the important role infrastructure holds in stimulating and rebuilding the Canadian economy. Along with accelerating billions of dollars in existing infrastructure funding, the Government of Canada's plan provides $12 billion in new infrastructure investments over the next two years – when the Canadian economy needs it most. Provinces, territories and municipalities are matching much of the federal funding allowing us to support more projects and create more jobs.

The Government of Canada has demonstrated a commitment to create jobs and speed up funding by getting projects approved sooner and shovels in the ground faster. Through Canada's Economic Action Plan, a $4 billion Infrastructure Stimulus Fund was established for construction-ready infrastructure projects, as well as a $1 billion Green Infrastructure Fund, which focuses on eco-friendly priorities and sustainable energy infrastructure. In addition, the Government of Canada has delivered on its five-point action plan to accelerate the seven-year Building Canada Plan, and committed an additional $500 million to the Communities Component, a program which targets projects in communities with populations of fewer than 100,000 people.

This government has continued to make key infrastructure investments and is accelerating infrastructure funding. In addition to the projects currently underway across the country, the new, accelerated and enhanced funds announced in Budget 2009 will stimulate the economy, create jobs, cut red tape, reduce duplication and streamline the approval process to speed up the start of infrastructure projects.

In pursuing this, we build on consultations I held with provincial and territorial counterparts last December and January, as well as with the municipal sector. Our work on the Economic Action Plan also moves forward from the progress outlined in this Report on investing our earlier and unprecedented $33 billion commitment to infrastructure.

The Honourable John Baird, P.C., M.P.
Minister of Transport, Infrastructure and Communities

Section I: Departmental Overview

1.1 Summary Information

1.1.1 Raison d'être

Infrastructure Canada is responsible for federal efforts to enhance Canada's public infrastructure through strategic investments, key partnerships, sound policies and research. The department exists to ensure that Canadians benefit from world-class public infrastructure.

1.1.2 Responsibilities

Infrastructure Canada was established in 2002 in order to lead the Government of Canada's efforts in addressing the infrastructure challenges of the country. Since then, the organization has evolved to become a centre of expertise for issues related to infrastructure in cities, communities and regions across Canada. Infrastructure Canada is part of the Transport, Infrastructure and Communities Portfolio[1] (**http://www.infc.gc.ca/department/ticp-eng.html**), which addresses several key challenges facing Canada, in particular, those relating to our country's economic growth, the state of the environment, and the safety and prosperity of our communities.

During 2008-2009, the Government of Canada committed to accelerate its efforts on the largest long-term infrastructure development program in over half a century, the $33 billion Building Canada Plan. In addition, on January 27, 2009, the government announced a new Economic Action Plan, providing significant new funding. Both of these important developments required Infrastructure Canada to rise above and beyond the goals that had been established for the year.

In late 2008, to address the challenges of the emerging global economic downturn, the Government of Canada engaged with provinces, territories, the municipal sector and other stakeholders to cut red tape and put spending under the Building Canada Plan on the fast track. In December 2008, the Minister of Transport, Infrastructure and Communities launched national infrastructure consultations with provincial, territorial, and municipal leaders to find ways to accelerate project approvals. During these meetings, the Minister and his counterparts discussed how they could cut red tape and provide funding

1. Transport Canada, the Canadian Transportation Agency and the Transportation Appeal Tribunal of Canada produce their own Reports on Plans and Priorities. Other bodies and Crown Corporations within the portfolio prepare their own annual corporate plans.

sooner to get shovels in the ground in the 2009 and 2010 construction seasons. The result was a five-point action plan for the Building Canada Plan. Then, through Budget 2009, the Government of Canada took additional extraordinary and unprecedented action to stimulate the economy. The Minister of Transport, Infrastructure and Communities, through Infrastructure Canada, was charged with $5.5 billion in new stimulus spending to create jobs through investment in shovel-ready infrastructure projects, beginning in 2009-2010.

1.1.3 Strategic Outcome and Program Activity Architecture (PAA)

Infrastructure Canada's strategic outcome was changed in May 2008 to better comply with the new Management, Resources and Results Structure (MRRS) Policy, and to better reflect current infrastructure priorities. This outcome is reflected in the 2009-2010 Report on Plans and Priorities (RPP), and will be used in the 2009-2010 Departmental Performance Report (DPR).

However, in support of its mandate, during the reporting period of 2008-2009, Infrastructure Canada had this Strategic Outcome, which was approved in July 2006:

Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.

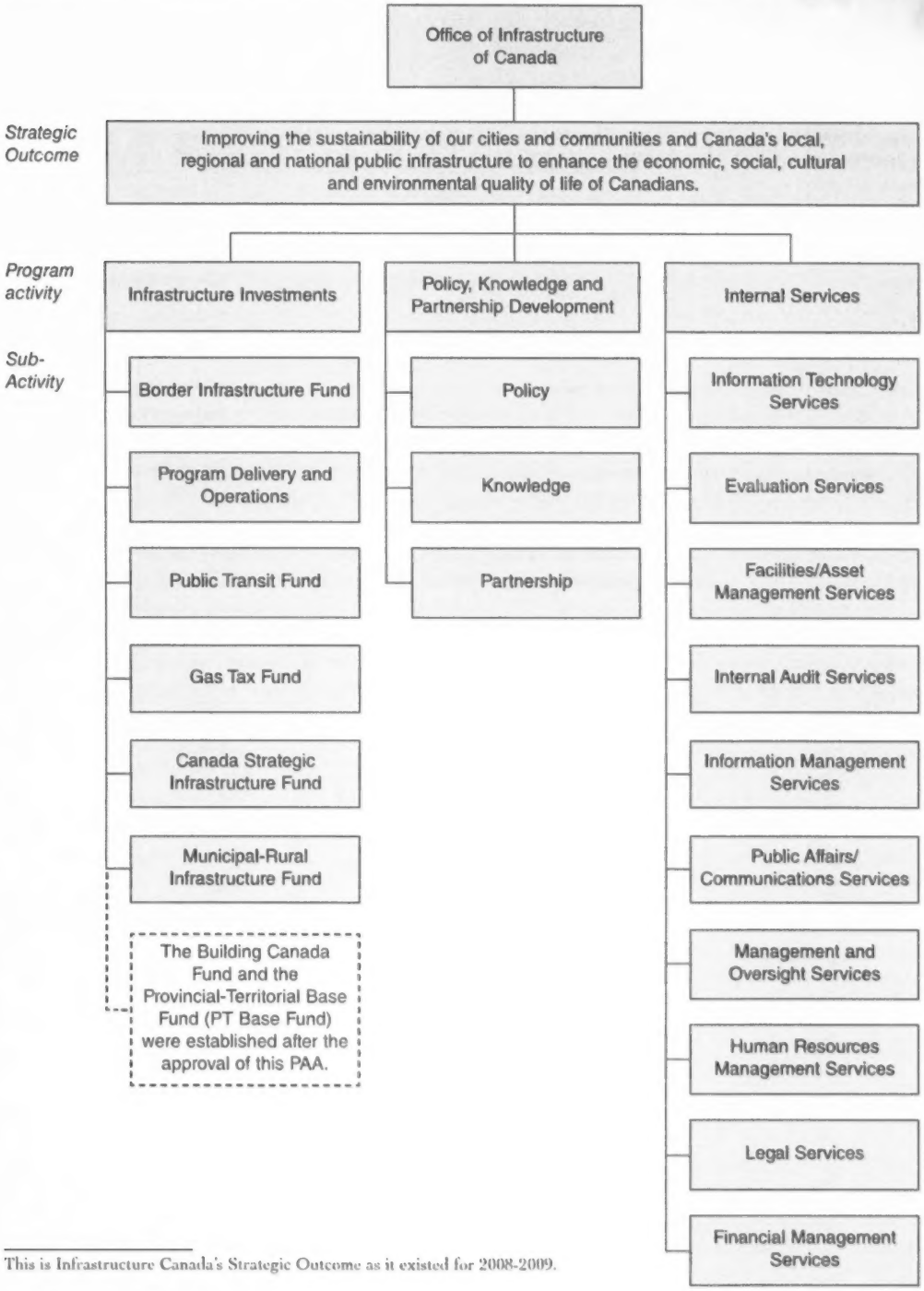
Three program activities supported this strategic outcome:

Infrastructure Investments: Consisted of all infrastructure programs delivered through transfer payments as well as the related program management and monitoring functions. This activity contributed to the construction, renewal and enhancement of public infrastructure in Canada and built capacity for addressing infrastructure issues in partnership with others.

Policy, Knowledge and Partnership Development: Consisted of activities undertaken in policy development, knowledge, research and analysis, and partnership development. This activity developed policies based on research, strengthened information base, and strong partnerships to address existing and emerging challenges and opportunities.

Internal Services: This program activity promoted excellence in program and corporate management in support of Infrastructure Canada's priorities. Internal services consisted of Governance and Management Support (management and oversight, communications and legal), Resource Management Services (human resource management, financial management, information management and technology, travel and other administrative services) and Asset Management Services (real property, materiel and acquisition).

Figure 1: Infrastructure Canada Program Activity Architecture


Office of Infrastructure of Canada
Strategic Outcome
Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.
Program activity
Infrastructure Investments
Policy, Knowledge and Partnership Development
Internal Services
Sub-Activity
Border Infrastructure Fund
Program Delivery and Operations
Public Transit Fund
Gas Tax Fund
Canada Strategic Infrastructure Fund
Municipal-Rural Infrastructure Fund
The Building Canada Fund and the Provincial-Territorial Base Fund (PT Base Fund) were established after the approval of this PAA.
Policy
Knowledge
Partnership
Information Technology Services
Evaluation Services
Facilities/Asset Management Services
Internal Audit Services
Information Management Services
Public Affairs/ Communications Services
Management and Oversight Services
Human Resources Management Services
Legal Services
Financial Management Services

This is Infrastructure Canada's Strategic Outcome as it existed for 2008-2009.

1.1.4 Change of Strategic Outcome and Program Activity Architecture (PAA)

In the 2008-2009 Report on Plans and Priorities, it was stated that Infrastructure Canada planned to modify its strategic outcome in 2008-2009 to better comply with the new Management, Resources and Results Structure (MRRS) Policy and to better reflect current infrastructure priorities. Accordingly, in May 2008, Infrastructure Canada changed its strategic outcome to:

Quality, cost-effective public infrastructure that meets the needs of Canadians in a competitive economy, a clean environment and liveable communities.

This strategic outcome reflects the long-term and enduring benefits to Canadians that stem from Infrastructure Canada's mandate, vision and mission. It focuses on the area of direct influence on investments in quality and cost-effective public infrastructure, and represents a clear end-state for the department to strive towards. Under this new strategic outcome, Infrastructure Canada also revised its Program Activity Architecture structure in the Fall of 2008. The new PAA is composed of the following five program activities: Targeted Project-Based Infrastructure Funding, Provincial-Territorial Infrastructure Base Fund, Gas Tax Fund, Knowledge and Research and Internal Services.

In January 2009, Canada's Economic Action Plan introduced new programs and priorities to Infrastructure Canada's mandate, which have also become a component of the department's planning and program framework.

The new infrastructure initiatives in the Economic Action Plan complement existing measures and are geared towards immediate economic benefits such as short-term job creation and short-term economic activity. The department is revising its existing PAA to reflect its role in implementing the Economic Action Plan.

1.2 Performance Summary

For Infrastructure Canada, 2008-2009 has been a year of significant achievement. The department has greatly exceeded the requirements of the business plan that had been established in 2007-2008. The government has achieved the goal it set in the Fall 2008, namely, to accelerate existing programs. As a result, in 2008-2009, Infrastructure Canada announced hundreds of new projects across the country under the Building Canada Plan. Above and beyond this, the department also took fast and effective action to develop new funding programs worth $5.5 billion in Spring 2009, in readiness for the 2009 construction season. Infrastructure Canada works in partnership with municipal, provincial, territorial and private planning, building sector and partners which are responsible for planning, building and rehabilitating public infrastructure.

1.2.1 Financial and Human Resources

Infrastructure Canada's financial and human resources information over the reporting period are summarized in Tables 1 and 2.

Table 1: 2008-2009 Financial Resources (Net Cost of Programs in $ thousands)

Planned Spending	Total Authorities	Actual Spending
2,910,254	3,350,720	2,279,846

Table 2: 2008-2009 Human Resources (Full-Time Equivalents-FTE)

Planned	Actual	Difference
257	231	26

1.2.2 Program Activities by Strategic Outcome and Actual Spending

Table 3 summarizes the achieved results of the three main program activities, the actual spending under each activity as well as the alignment of these activities to the Government of Canada outcomes. The overall expected results for these program activities are improved and increased stock of core public infrastructure and improved quality of life and economic opportunities for Canadians.

Table 3: Performance Summary (Program Activities by Strategic Outcome)

Strategic Outcome: Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians. **In May 2008, the Strategic Outcome was changed to:** Quality, cost-effective public infrastructure that meets the needs of Canadians in a competitive economy, a clean environment and liveable communities.		
Performance Indicators	**Targets**	**2008-2009 Performance**
Under Development.	Under Development.	Under Development.

(in $ thousands)

Program Activity	2007-2008 Actual Spending	2008-2009				Alignment to Government of Canada Outcomes
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Program Activity 1: Infrastructure Investments	1,942,054	2,425,856	2,879,031	3,319,894	2,252,038	Strong Economic Growth
Program Activity 2: Policy, Knowledge and Partnership Development	12,714	12,220	12,220	8,819	8,199	Innovative and Knowledge-Based Economy
Program Activity 3: Internal Services		17,461	17,461	22,007	19,609	
Total	**1,954,768**	**2,455,537**	**2,910,254**	**3,350,720**	**2,279,846**	

Program Activity 1 (Infrastructure Investments), contributes to the Government of Canada's Strong Economic Growth outcome area. By supporting modern public infrastructure, Infrastructure Canada promotes the growth and competitiveness of Canada's economy, for example, by facilitating the flow of goods and people, promoting inter-provincial and international trade through gateways and corridors, supporting tourism and increasing the use of e-commerce.

Program Activity 2 (Policy, Knowledge and Partnership Development), contributes to the Government of Canada's Innovative and Knowledge-Based Economy outcome area. Infrastructure Canada supports innovation and progress to deliver world-class public infrastructure and address priority infrastructure knowledge gaps through research, capacity-building and strong partnerships. Based on cooperation with other federal departments and agencies, partner organizations in the private sector and other jurisdictions, its work strengthens the information base for decision-making and improves understanding of how sound public infrastructure choices can help Canadians adapt and respond to emerging economic, environmental and social challenges. It also supports innovation and efficiency in the management, design, construction and maintenance of infrastructure and measures the effectiveness of programs and infrastructure investments.

Program Activity 3 (Internal Services), promotes excellence in program and corporate management in support of Infrastructure Canada's priorities. Internal services consist of Governance and Management Support (management and oversight, communications and legal services), Resource Management Services (human resources management, financial management, information management and technology, travel and other administrative services), and Assets Management Services (real property, materiel and acquisitions).

For more information about the Government of Canada's four broad Spending Areas and the corresponding 13 Outcomes, visit: **http://www.tbs-sct.gc.ca/ppg-cpr/Home-Accueil-eng.aspx**.

Table 4: Contribution of Operational Priority 1 to Strategic Outcome

Operational Priorities	Type[2]	Status	Linkages to Strategic Outcome(s)
Priority 1: Delivery and Accelerating key elements of the Building Canada Plan, and the Economic Action Plan.	Priority 1 is new. It represents the fact that Infrastructure Canada is responsible for key elements of the Building Canada Plan, the government's new comprehensive, long-term plan to modernize Canada's public infrastructure.	Met all expected results. In 2008-2009, Priority 1 activities were expanded to include also accelerating spending under the Building Canada Plan, which was only one aspect of the Economic Action Plan. In the second half of 2008-2009, the department: • Undertook consultations with provinces, terrirories and municipalities to develop a five part action plan to accelerate funding; • Streamlined funding criteria application processes, environmental assessment processes; and • Worked with partners to identify and approve projects more quickly. In addition, in Budget 2009, under the Economic Action Plan the Government of Canada also committed to rolling out new infrastructure spending initiatives for provincial, territorial and municipal infrastructure included in Budget 2009, to renew infrastructure and to create jobs. Infrastructure Canada has the lead on the Infrastructure Stimulus Fund (ISF), the Green Infrastructure Fund (GIF), the $500 million Top-Up to the Building Canada Communities Component, the accelerated funding under the Provincial Territorial Base Fund and the National Recreation Trails. The department secured all the policy and program approvals for all initiatives before March 31, 2009, so that roll-out could begin as quickly as possible.	Delivering key elements of the Building Canada Plan, which has been accelerated, as well as new infrastructure initiatives for provincial, territorial and municipal infrastructure under the Economic Action Plan support the development and renewal of world-class modern infrastructure, as well as the creation of jobs.

2. Type is defined as follows: **Previously committed** to – committed to in the first or second fiscal year prior to the subject year of the report; **ongoing** – committed to at least three fiscal years prior to the subject year of the report; and **new** – newly committed to in the reporting year of the RPP or DPR.

Table 5: Contribution of Management Priority 2 to Strategic Outcome

Management Priorities	Type[3]	Status	Linkages to Strategic Outcome(s)
Priority 2: Managing the previous suite of infrastructure programs	Priority 2 is an ongoing priority, to ensure the sound management of infrastructure investments and sunsetting programs.	Met all expected results. In support of this priority, in 2008-2009 Infrastructure Canada has: • Continued with the sound administration of the funding programs in cooperation with its federal delivery partners, including following up on program audit reports where recommendations for corrective actions are required; and • Continued working with the provinces and territories to determine the projects to receive remaining uncommitted funds under the Canada Strategic Infrastructure Fund (CSIF) and the Municipal Rural Infrastructure Fund (MRIF).	Infrastructure Canada has continued to manage and leverage five established infrastructure investment funds to improve the state of Canada's public infrastructure and, in turn, enhance the economic, social, cultural and environmental quality of life of Canadians. The department continues to work in a coordinated manner with other federal departments and agencies, provincial, territorial and municipal governments, and First Nations, in delivering the following funds, which are scheduled to wind down (sunset) over the next several years, i.e., the Infrastructure Canada Program (ICP), the Municipal Rural Infrastructure Fund (MRIF), the Canada Strategic Infrastructure Fund (CSIF), the Border Infrastructure Fund (BIF) and the Public Transit Fund (PTF). The department continues the sound administration of the funding programs in cooperation with its federal delivery partners, including following up on program audit reports where recommendations for corrective actions are required, complete management responses on mid-term evaluations where required, and continues to work with the provinces and territories to determine projects to receive remaining uncommitted funds under the CSIF and MRIF.

3. Type is defined as follows: **Previously committed** to – committed to in the first or second fiscal year prior to the subject year of the report; **ongoing** – committed to at least three fiscal years prior to the subject year of the report; and **new** – newly committed to in the reporting year of the RPP or DPR.

1.3 Risk Analysis

Throughout 2008-2009, the Canadian economy faced extraordinary challenges as a result of global financial volatility. Given the current economic circumstances, Infrastructure Canada has implemented measures aimed at reducing duplication, streamlining federal processes, fast tracking project approvals and accelerating funding under the Building Canada Plan and the new infrastructure funds announced in Budget 2009, in partnership with provincial, territorial and municipal governments. This effort includes the identification of specific projects in each jurisdiction that could be advanced to begin construction in the next two years.

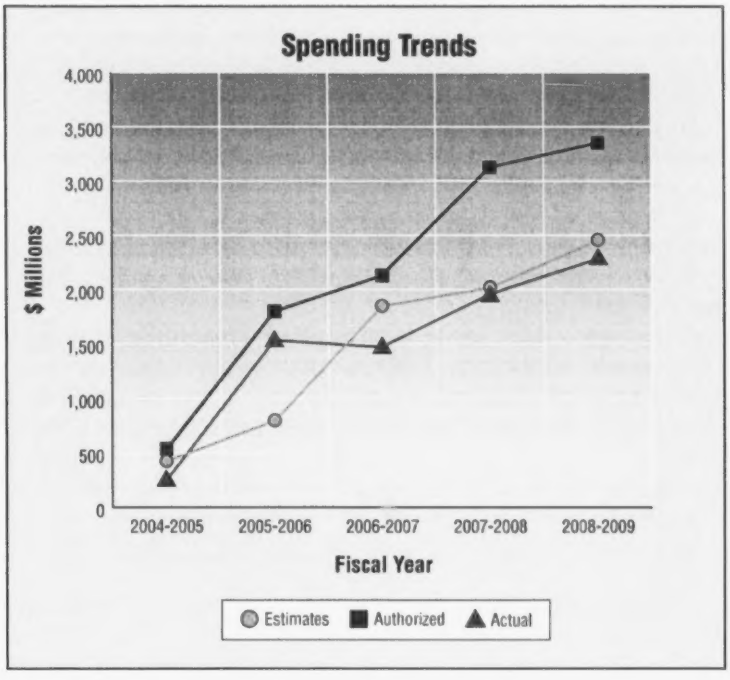
The Government of Canada's ability to accelerate infrastructure funding is largely dependent on the ability of provinces, territories and municipalities to identify projects that are ready for construction and can be fast-tracked, and to match accelerated federal funding where cost-sharing is required. Accelerating infrastructure funding also depends on the success of regulatory streamlining measures, particularly for federal environmental assessment requirements. Infrastructure Canada has worked closely with its partners to overcome approval and implementation barriers on a sustained basis.

1.4 Expenditure Profile

1.4.1 Departmental Spending Trends

Figure 2 represents Infrastructure Canada's spending trends from 2004-2005 to 2008-2009.

Figure 2: Departmental Spending Trend



Departmental spending is increasing as spending on existing programs flows, and as new programs are created. In 2008-2009, Infrastructure Canada spent a record $2.3 billion on infrastructure investments in Canada under new and sunsetting programs. New funding programs were also announced in Budget 2009, but funding for these programs became available only as of April 1, 2009.

1.4.2 Variations in Program Spending Trends

Infrastructure Canada flowed a record amount of funding in 2008-2009 to provinces, territories and municipalities to support public infrastructure projects. Through a suite of transfer payment programs, the department supports quality, cost-effective public infrastructure investments across Canada. Program design recognizes the provincial, territorial and municipal responsibility for a majority of public infrastructure, and Infrastructure Canada's participation as a funding partner. The department is not responsible for the management of infrastructure projects, but rather for the reimbursement of eligible expenses submitted by recipient project managers (for contributions programs), or in the case of other transfer payment programs, it provides stable base funding to provinces, territories and municipalities under the terms of signed agreements.

Public infrastructure projects are often large and complex, with complicated engineering and approval requirements, and significant variations in project cash requirements. Infrastructure Canada's ability to predict the timing of its program spending is heavily influenced by its partners. Provinces, territories and municipalities are in turn subject to changes in planning and approval timelines, as well as construction delays. The challenges of designing, negotiating and implementing new program and project funding agreements which involve multiple partners and multiple orders of government also contribute to an often significant variation in spending forecasts.

The inherent difficulty of forecasting annual spending requirements for Infrastructure Canada's programs was recognized during initial program design. It was further recognized that once funding agreements are concluded with recipients, it is not practical or desirable to limit federal project funding to a specific sum per fiscal year, regardless of changes in cash flow requirements. For this reason, the Department of Finance and Treasury Board Secretariat normally re-profile any unused program funds to future years, to meet the revised cash flow projections of recipients and to match the expenses by provinces, territories and municipalities. When program appropriations are not used, i.e., lapsed in a given fiscal year, the department regularly re-submits amounts to Parliament for re-approval, to meet ongoing program obligations as required. In this way, unused program funding is re-profiled to future years and will be available to provincial, territorial and municipal governments as infrastructure projects move forward.

The $1.1 billion of unspent 2008-2009 authorities has been re-profiled to future years. Terms and conditions of agreements and payment schedules have been amended as required, in order to extend timelines and allow applicants to complete their approved projects. Infrastructure Canada continues to work with its partners and central agencies to better match its planned spending and program delivery requirements.

1.4.3 Voted and Statutory Items

Table 6: Voted and Statutory Items Listed in Main Estimates (in $ thousands)

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2006-2007 Actual Spending	2007-2008 Actual Spending	2008-2009 Main Estimates	2008-2009 Actual Spending
50	Operating expenditures	32,593	35,177	37,530	36,637
55	Grants and contributions	1,414,680	1,917,009	2,414,778	2,240,257
(S)	Contributions to employee benefit plans	2,451	2,582	3,229	2,952
(S)	Payment to the Public Transit Fund	19,112			
	Total	**1,468,836**	**1,954,768**	**2,455,537**	**2,279,846**

Infrastructure Canada's budget for contributions has increased significantly from 2008-2009 to 2009-2010. This is due primarily to new funding received for the Building Canada Fund (BCF) and the doubling of the Gas Tax Fund (GTF). The Main Estimates can be accessed at: **http://www.tbs-sct.gc.ca/est-pre/20092010/p2-eng.asp**.

Section II: Analysis of Program Activities by Strategic Outcome

2.1 Strategic Outcome

As previously stated in this report, during the reporting period of 2008-2009, in support of its mandate, Infrastructure Canada had this Strategic Outcome, which was approved in 2006:

Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.

2.2 Program Activities by Strategic Outcome

This section provides an analysis of Infrastructure Canada's three program activities by strategic outcome for 2008-2009; namely Infrastructure Investments; Policy, Knowledge and Partnership Development and Internal Services. Performance-related information is under development and will be captured in the department's new Program Activity Architecture-Performance Measurement Framework (PAA-PMF).

2.2.1 Program Activity (Infrastructure Investments) by Strategic Outcome

Table 7: Program Activity (Infrastructure Investments) by Strategic Outcome

Under this Program Activity, Infrastructure Canada managed various funds providing investments to Canada's priority infrastructure needs. The department managed three funds that directly support the new Building Canada Plan, developed and implemented new funding initiatives under Canada's Economic Action Plan, as well as managed five established initiatives scheduled to wind down (sunset) over the next several years.

2008-2009 Financial Resources ($ millions)			2008-2009 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
2,893,941	3,319,894	2,252,038	84	80	4

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
To maximize economic, social, cultural and environmental benefits for Canadians through investments in public infrastructure in a coordinated manner with provincial, territorial and municipal governments, and First Nations.	Note: As Infrastructure Canada develops a performance measurement framework (PMF) based on its program activity architecture, it will be positioned to report on core investment categories and programs related to each of its main program activities and the priorities they collectively support.	Refer to note under Performance Indicators column.	Met all expected results successfully and the work is ongoing as Infrastructure Canada's programs are long-term in nature, as stated in the first program activity. Also through this program activity, the department has contributed to the Government of Canada's commitment to stimulate the economy and create jobs by accelerating and expanding recent historic federal investments in infrastructure and by streamlining the federal approval process so that construction can begin quicker than it did before. Infrastructure Canada is implementing the three new programs under Canada's Economic Action Plan (EAP) including the Infrastructure Stimulus Fund, the Green Infrastructure Fund and the National Recreation Trails. It has also implemented the necessary steps to manage the additional EAP initiatives related to accelerating the seven-year Building Canada Plan including the Top-Up of the Communities Component and the access to the accelerated release of funds in the Provincial-Territorial Base Fund.	Infrastructure Canada has continued to work in a coordinated manner with federal departments and regional development agencies to manage its sunsetting infrastructure programs and has worked directly with provincial, territorial and municipal governments to implement the Economic Action Plan. The department has moved quickly to conclude agreements with provinces and territories to implement the programs under the Building Canada Plan and has already approved a large number of infrastructure initiatives. Over $3.4 billion in funding was approved during the 2008-2009 period. In addressing the Economic Action Plan's new infrastructure programs and initiatives, the department has been updating its corporate risk profile, conducting readiness and risk assessments of the new programs, and has been developing business models and process maps to effectively achieve the objectives under this program activity. The department has increased capacity to process the large number of applications for the Infrastructure Stimulus Fund within tight timeframes while applying a sound project risk assessment approach in evaluating each project application. Where feasible, Infrastructure Canada has optimized the use of existing governance structures to make sound approval recommendations for projects under the Building Canada Fund-Major Infrastructure Component (BCF-MIC), the Infrastructure Stimulus Fund (ISF) and the Green Infrastructure Fund (GIF).

1. The Building Canada Plan

Launched in 2007, the Building Canada Plan was designed to be a seven-year (2007-2014), $33 billion plan that would provide stable and predictable funding to provinces, territories and municipalities, allowing them to both plan for the longer-term and address their ongoing infrastructure needs. Infrastructure Canada has overall responsibility for overseeing and coordinating the plan across participating departments, and is responsible, within the Transport, Infrastructure and Communities portfolio, for delivering the following key elements of the plan[4].

- $8.8 billion for the new Building Canada Fund (BCF), which will support major projects (Major Infrastructure Component), as well as projects in smaller communities (Communities Component), and research, knowledge and capacity-building;
- $2.275 billion Provincial-Territorial Base Fund; and
- $11.8 billion for the Gas Tax Fund (GTF) from 2007-2014.

However, with the advent of a global economic slowdown in Fall 2008, governments in Canada and across the world were prompted to take action to provide additional economic stimulus. At the First Ministers' Meeting in November 2008, there was agreement among the federal, provincial and territorial leaders that accelerating existing investments in the country's infrastructure would be an effective mechanism to effect such a stimulus. The Government of Canada's 2008 Speech from the Throne committed to accelerating the Building Canada Plan, which was re-confirmed in the November 2008 Economic and Fiscal Update.

During December 2008, the Minister of Transport, Infrastructure and Communities led consultations with provinces, territories and stakeholders on how to accelerate infrastructure projects. This culminated in a five-point action plan announced at the 2009 First Ministers' Meeting to accelerate infrastructure investments under the Building Canada Plan. In order to approve projects more quickly, governments agreed to streamline the regulatory and environmental review process by simplifying and developing a more efficient review and approval process.

In Budget 2009, the Government of Canada detailed its Economic Action Plan. In addition to accelerating infrastructure investments under Building Canada, the Economic Action Plan provided $12 billion in new infrastructure investments over the next two years.

4. Transport Canada is responsible for several key elements of the plan: $2.1 billion for the new Gateways and Border Crossings Fund; and $1 billion in funding for the Asia-Pacific Gateway and Corridor Initiative. For more information on the plan, see www.buildingcanada.gc.ca.

a) Building Canada Fund (BCF)

The Building Canada Fund (BCF) totals $8.8 billion over seven years, focusing on projects that deliver economic, environmental, and social benefits to all Canadians, and provides a national framework to address regional infrastructure priorities. The program operates through two components:

i) **Building Canada Fund-Major Infrastructure Component (BCF-MIC):** The Major Infrastructure Component targets larger, strategic projects of national and regional significance. Two-thirds of funding under the MIC, on a national basis, is to be directed to the above-mentioned national priorities. Projects under the MIC are identified on the basis of merit through a discussion with provinces and territories and through the Infrastructure Framework Committee (IFC). All projects are required to meet criteria targeting environmental, economic and quality of life objectives.

ii) **Building Canada Fund-Communities Component (BCF-CC):** The Communities Component addresses the unique infrastructure pressures facing smaller communities. It focuses on project investments in communities with populations of less than 100,000 (as per the 2006 Census). Projects are being selected through an application-based process. This fund serves as a complementary instrument to funding through the Gas Tax Fund. As part of the Economic Action Plan, a $500 million Top-Up to the Communities Component, was provided to accelerate infrastructure projects in small communities over the next two years.

In light of the commitment to accelerate funding under the Building Canada Plan, the department streamlined the federal review and approval of projects, simplifying criteria and reducing the amount of information required in the project assessment process. Complementary to the work that Infrastructure Canada led, changes to the *Navigable Waters Protection Act* were passed with the *Budget Implementation Act*, which received Royal Assent on March 16, 2009. A series of regulations under the *Canadian Environmental Assessment Act* were also introduced and came into force in March 2009 to further streamline approvals, minimize duplication, and reduce the number of separate federal environmental assessments for infrastructure projects funded under the Building Canada Plan. This is expected to greatly reduce the number of projects that will be subject to a separate federal environmental assessment in the upcoming construction season.

In 2008-2009, the Government of Canada announced funding for 37 major infrastructure projects with a total federal commitment of approximately $1.38 billion. As a result of the streamlining measures that were quickly implemented by the department, 26 of these projects, with a total federal commitment of just over $1 billion, were announced between January 27, 2009 and March 31, 2009.

All provinces have signed an agreement with Canada regarding the management of the Communities Component part of the Building Canada Plan. Up to March 31, 2009, 486 projects have been approved, totalling $505.6 million in federal contribution since the beginning of the program. As a result of streamlining measures quickly implemented by the department, 421 of these projects, with a federal contribution totalling $452.6 million were approved between Budget 2009 and March 31, 2009.

For additional information on the Building Canada Fund, refer to Table 5-Details on Transfer Payment Programs, and Table 7-Horizontal Initiatives, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp**.

b) Provincial-Territorial Base Fund (PT Base)

The Provincial-Territorial Base Fund (PT Base) was originally designed to provide $25 million per year for each province and territory over seven years, for a total of $175 million for each jurisdiction. In light of the fact that the Building Canada Fund (BCF) allocation for the three territories is also delivered through the PT Base Fund, the total program value is $2.301 billion. The PT Base Fund provides a high degree of flexibility to provinces and territories to support their infrastructure priorities, including all of the categories that are eligible under the Building Canada Fund. Similar to the Gas Tax Fund, federal funding is provided up-front, and does not have to be utilized in the year in which it is provided. This ensures additional financial flexibility to provinces and territories as part of the Building Canada Plan. Approved infrastructure initiatives are cost-shared between the federal government and the provinces and territories to maximize investments by all orders of government. All provinces and territories will benefit from this investment in modern public infrastructure, and particularly smaller jurisdictions.

As part of its Economic Action Plan, in January 2009 the Government of Canada announced that it would accelerate the release of up to $1 billion in PT Base Funds over the 2009-2010 and 2010-2011 construction seasons to jurisdictions that are able to put the matching funds to work quickly. With this commitment in place, all jurisdictions now have the opportunity to receive their entire seven-year funding allocation in as little as two years, i.e., by the end of fiscal year 2010-2011.

In 2008-2009, Infrastructure Canada committed $545.7 million in PT Base funding. Over half of this, $301.5 million, was committed between January 27 and March 31, 2009. Of the amount committed, $390.6 million was flowed to provinces and territories. The majority, over $227 million, occurred in the last three months of the fiscal year.

For results achieved and additional information on the Provincial-Territorial Base Fund, refer to Table 5-Details on Transfer Payment Programs, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp**.

c) Gas Tax Fund (GTF)

The Gas Tax Fund supports capital investments in environmentally sustainable municipal infrastructure to improve water and air quality and reduce greenhouse gas emissions. It also provides funding to increase the capacity of communities to undertake long-term planning. The GTF combines predictable, long-term funding with local decision-making and planning, to enable municipalities to build and rehabilitate their core public infrastructure. Budget 2007 added $8 billion in new funding and extended the GTF from 2010 to 2014, at $2 billion per year.

The major activities related to the Gas Tax Fund during 2008-2009, include: The signing of the Gas Tax Fund Amending Agreements with all provinces and territories (with the exception of Newfoundland and Labrador) to extend the $8 billion GTF fund for the 2010-2014 period, the GTF allocation of $985 million transferred to recipients, the completion of joint evaluations with each province and territory, the initiation of an internal audit to provide assurance on the adequacy and effectiveness of the management control framework of the GTF, the implementation of the shared performance measurement framework for outcomes reporting, as well as the development of a strategy for national GTF reporting.

For results achieved and additional information on the Gas Tax Fund, refer to Table 5-Details on Transfer Payment Programs, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp**.

2. New Funding Initiatives under Canada's Economic Action Plan

Accelerating spending under the Building Canada Plan was only one aspect of the Economic Action Plan. The Government of Canada also committed to rolling out new infrastructure spending initiatives for provincial, territorial and municipal infrastructure to create jobs and stimulate economic activity. The initiatives for which Infrastructure Canada has the lead include the Infrastructure Stimulus Fund (ISF), the Green Infrastructure Fund (GIF) and the National Recreation Trails. The department secured all the policy and program approvals for the three initiatives before March 31, 2009, so that roll-out could begin as quickly as possible.

a) Infrastructure Stimulus Fund (ISF)

The Infrastructure Stimulus Fund is a $4 billion fund that provides funding to provincial, territorial and municipal construction-ready infrastructure rehabilitation projects. Funding is available for two years for projects that begin during the 2009 and 2010 construction seasons and can be completed before March 31, 2011. In 2008-2009, discussions were held with each province and territory to identify opportunities for cooperation in the implementation of the fund and key funding priorities. In addition, the first series of investments were made:

- On March 13, 2009, the first joint federal-provincial investments were announced under the Infrastructure Stimulus Fund. The Government of Canada and the Government of British Columbia announced support for the development of up to 161 community infrastructure projects through a joint investment of close to $48 million under the Towns for Tomorrow, and LocalMotion Programs; and
- On March 26, 2009, the Government of Canada announced it would set aside up to $350 million from the Infrastructure Stimulus Fund for projects identified under the *Programme de renouvellement des conduites d'eau potable et d'eaux usées* (PRECO). PRECO will also receive $350 million from the Government of Quebec. This program will allow Quebec's municipalities to repair or to replace drinking water and wastewater pipes. The projects will be selected through a competitive process under which municipalities will have to submit their proposals for evaluation purposes.

b) Green Infrastructure Fund (GIF)

The Green Infrastructure Fund is a $1 billion fund over five years, to support sustainable energy generation and transmission along with municipal wastewater and solid waste management infrastructure. Unlike other Economic Action Plan initiatives for the department, the Green Infrastructure Fund has a longer term focus and supports green infrastructure that can improve the quality of the environment and will lead to a more sustainable economy in the future.

c) National Recreation Trails

In Budget 2009 the federal government committed $25 million to the National Trails Coalition in 2009-2010, to build and renew multi-purpose trails for walking, running, cross-country skiing, biking, all-terrain vehicles and snowmobiles.

3. Sunsetting Programs

The third category of infrastructure investment funds consists of five older initiatives scheduled to wind down (sunset) over the next several years:

a) Infrastructure Canada Program (ICP)

The $2.05 billion ICP was created in 2000, to enhance infrastructure in Canada's urban and rural communities, and improve quality of life through investments that protect the environment and support long-term community and economic growth. Funding for the ICP was transferred to the five federal delivery partners responsible for program delivery: Western Economic Diversification Canada (for projects in the Western provinces), Industry Canada (for Ontario projects), Canada Economic Development-Quebec (for Quebec projects), Atlantic Canada Opportunities Agency (for projects in the Atlantic provinces), and Indian and Northern Affairs Canada (for First Nations and the three territories). Detailed reporting on ICP expenditures is the responsibility of these organizations.

The funds under the ICP program are now 99% committed. Infrastructure Canada followed up with its federal delivery partners on audit reports, particularly where corrective actions were required. In the spring of 2008, a national meeting with federal delivery partners, provincial and territorial governments took place in Ottawa, where many items such as best practices were discussed and shared.

For results achieved and additional information on the Infrastructure Canada Program, refer to Table 7-Horizontal Initiatives, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp**.

b) Municipal Rural Infrastructure Fund (MRIF)

The Municipal Rural Infrastructure Fund (MRIF) was allocated $1 billion for small-scale municipal infrastructure projects designed to promote and improve quality of life in both urban and rural communities. It was augmented with an additional $200 million in January 2007. Its long-term commitment to public infrastructure will help promote sustainable economic growth, innovation and healthy communities. Municipal Rural Infrastructure Fund agreements have been signed with all provinces and territories.

In 2008-2009, Infrastructure Canada continued the sound administration of the MRIF program in cooperation with its federal delivery partners. An amendment to the terms and conditions to extend the timeline to March 31, 2013, was approved to allow some applicants to complete their approved projects. An MRIF management response on the mid-term evaluation was also completed during 2008-2009.

For results achieved and additional information on the Municipal Rural Infrastructure Fund, refer to Table 5-Details on Transfer Payment Programs, and Table 7-Horizontal Initiatives, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp**.

c) Canada Strategic Infrastructure Fund (CSIF)

The Canada Strategic Infrastructure Fund (CSIF) operates under the authority of the *Canada Strategic Infrastructure Fund Act*, and is directed at projects of major federal and regional significance in areas that are vital to sustaining economic growth and enhancing the quality of life of Canadians. Its investments are made in cooperation with the provinces, territories, municipalities and the private sector. Each project is governed by specifically tailored arrangements with partners.

The mid-term evaluation of the CSIF, completed in 2008-2009, noted that the program was well-designed, well-managed and effective in identifying and implementing large-scale, strategic infrastructure projects. From a qualitative standpoint, all fully completed projects have shown to have met immediate outcomes. The projects undertaken under CSIF were judged consistent with the objectives of the program and linked to the economic, social and environmental priorities of the different levels of government involved. It was recognized that through the CSIF, the federal government served as a catalyst for the implementation of infrastructure projects that would either not have been undertaken for many years, or may not have been undertaken at all. The flexibility of the CSIF and the criteria that made the projects eligible for funding are the main reasons for which the program was judged efficient and effective. Flexibility permits the construction of projects to start right after

their announcement, before the formal TB approval. The eligibility criteria enable a broad range of categories of projects to be funded. The threshold formula, determined by the size of the province or territory population, also ensures the projects to be large-scale and strategic in the context of their respective locations. Management and delivery of the CSIF are other aspects of the program that were considered well done. Evidence indicates that there is a solid cooperation between the different orders of government and other stakeholders.

For results achieved and additional information on the Canada Strategic Infrastructure Fund, refer to Table 5-Details on Transfer Payment Programs, and Table 7-Horizontal Initiatives, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp**.

d) Border Infrastructure Fund (BIF)

The Border Infrastructure Fund (BIF) was established in 2002, as a $600-million fund to target the largest surface border crossings between Canada and the United States, as well as several other crossings. The fund reflects the importance of Canada's border crossings and highway approaches to economic growth, trade and security both nationally and internationally. Infrastructure Canada manages the BIF with Transport Canada serving as the implementing partner under the terms of a Memorandum of Understanding (MOU). More than 97% of the BIF funding has been committed with major projects being undertaken in New Brunswick, British Columbia's Lower Mainland and Southern Ontario decreasing congestion at Canada's busiest border crossings.

An internal audit of the BIF to assess the adequacy and effectiveness of the management control framework was completed in December 2007, and additional information on this internal audit is available at: **http://www.infc.gc.ca/pd-dp/ia-vi/mcf-finrep-ccg-rapfin-eng.html**. The action plan in response to the audit recommendations is in the process of being implemented, and follow-up is to take place. A mid-term evaluation of the BIF, to assess program design and management and determine results achieved to date, began in 2007-2008, and was completed in 2008-2009. The conclusions of this evaluation are similar to the conclusions of the CSIF. They formed a well-managed and well-designed program.

For results achieved and additional information on the Border Infrastructure Fund, refer to Table 5-Details on Transfer Payment Programs, and Table 7-Horizontal Initiatives, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp.**

e) Public Transit Fund (PTF)

The Public Transit Fund (PTF) was established in 2005, as a one-time $400 million transfer payment program, to provide funding for improved public transit services. It was allocated over two years to support projects that provide better and flexible transportation options for Canadians while addressing the need to reduce greenhouse gas emissions and smog in urban areas. The PTF is similar to the Gas Tax Fund in structure and design, including its flexibility, accountability and reporting mechanisms.

In 2008-2009, Infrastructure Canada's activities in this fund included the management and implementation of PTF agreements, including the coordination and collaboration with provinces, territories and municipalities for its administration, the initiation of an internal audit to provide assurance on the adequacy and effectiveness of the management control framework, and completion of joint evaluations of the program with signatories to assess the success and effectiveness of the program to date.

Benefits for Canadians (Infrastructure Investments)

This program activity is aimed at maximizing economic, social, cultural and environmental benefits for Canadians, through investments in public infrastructure in a coordinated manner with provincial, territorial and municipal governments, and First Nations. Recognizing the current economic situation, the Government of Canada has provided an important economic stimulus, helping to create jobs for Canadians and contributing to the long-term prosperity of communities by fast-tracking infrastructure funding. All provinces and territories will benefit from these investments in modern public infrastructure, particularly smaller jurisdictions.

Performance Analysis (Infrastructure Investments)

In 2008-2009, Infrastructure Canada continued to manage and deliver its infrastructure investment programs. At the beginning of the fiscal year, the focus was on the management and delivery of the Building Canada Plan. However, as the economy began to be of increasing concern to government, Infrastructure Canada's mandate was expanded considerably, and infrastructure investments are now the cornerstone of Canada's Economic Action Plan as announced in Budget 2009. Existing infrastructure funding programs were expanded and accelerated. New programs were created to provide timely economic stimulus by creating jobs across the country in the construction, engineering and manufacturing sectors as well as generating significant economic spinoff activity. The department has invested considerable effort, while considering risk factors and respecting environmental requirements, to committing funds as quickly as possible to eligible infrastructure projects. This work will continue to be pursued in 2009-2010. Through these expanded and accelerated infrastructure investments, it is expected that Canadians will emerge from the economic crisis with a more modern and greener infrastructure which will foster sustainable economic growth, a cleaner environment and more liveable communities.

In addition, as in previous years, in 2008-2009 the department succeeded in working in a coordinated manner with other federal departments and regional development agencies, provincial, territorial and municipal governments, First Nations and municipal associations to deliver approved program funding. For results achieved and additional information on the Building Canada Plan and sunsetting programs, refer to Table 5-Details on Transfer Payment Programs, and Table 7-Horizontal Initiatives, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp.**

Lessons Learned (Infrastructure Investments)

Some lessons learned from sunsetting programs have been identified and will be considered for the design, management and delivery of future infrastructure investments programs.

First, it was recommended that program design continue to allow eligible expenditures at the time of the Ministerial approval rather than after a contribution agreement approval has been signed. This enables proponents to begin work at the time that the project is announced by the Minister, and therefore avoid cost increases for labour or materials over a longer period of time. Another recommendation was to reduce the project value thresholds when necessary under strategic funds, for greater flexibility. The Major Infrastructure Component of the Building Canada Fund incorporates both of these features.

Drawn from the experience of sunsetting programs, other initiatives such as a risk management strategy and an environmental assessment streamlining have also been undertaken to avoid slippage in project completion. Moreover, a model contribution agreement will be made available at the time of announcement of projects. This model will be specific to the program under which the project falls, and will increase the speed with which contribution agreements are prepared and negotiated. The model contribution agreements will also ensure that outcomes from projects are appropriately measured by clearly laying out roles and responsibilities of data collection and other long-term measurement. Past agreements lack such a clause which makes it very difficult to make quantitative evidence-based evaluation of the program over the long-term.

2.2.2 Program Activity (Policy, Knowledge and Partnership Development) by Strategic Outcome

Table 8: Program Activity (Policy, Knowledge and Partnership Development) by Strategic Outcome

This Program Activity consists of activities undertaken in: Policy development; knowledge, research and analysis; and partnership development. The outcomes of this activity are:

- The development of policies and strategic initiatives that are based on research and the input from strong partnerships to address infrastructure challenges and opportunities; and
- Research, analysis and policy development that strengthen the effectiveness of infrastructure investments.

Under this Program Activity, Infrastructure Canada works in close partnership with provinces, territories, municipal government and the private sector, respectful of jurisdictions and expertise and in a spirit of open federalism.

2008-2009 Financial Resources (in $ thousands)			2008-2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
12,220	8,819	8,819	62	53	9

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
To develop policies to address existing and emerging challenges and opportunities that are based on research and input from strong partnerships.	Note: As Infrastructure Canada develops a performance measurement framework (PMF) based on its program activity architecture, it will be positioned to report on core investment categories and programs related to each of its main program activities and the priorities they collectively support.	Refer to note under Performance Indicators column.	Met all expected results successfully and the work is ongoing as Infrastructure Canada's programs and policies are long-term in nature. Similar to the first program activity, through this program activity the department has contributed to the Government of Canada's commitment to stimulate the economy and create jobs by accelerating and expanding recent historic federal investments in infrastructure and by streamlining the federal approval process so that construction can begin quicker than it did before.	Apart from various accomplishments, and challenges, as the Government of Canada responded to the economic downturn, Infrastructure Canada supported the Minister in summit meetings with provinces, territories, and municipalities that led to the development of the Government's five-point action plan to accelerate infrastructure investments and stimulate the economy, to secure Treasury Board and Cabinet approval for changes to the Building Canada Plan and overall policy and program framework to accelerate and streamline project application and approval processes. In addition, in 2008-2009, Infrastructure Canada sought and received approval from Treasury Board Secretariat to raise the Minister's delegated authority to $100 million for projects under all project categories under the Building Canada Fund (BCF). For additional accomplishments of this program activity, refer to the Policy, Research and Partnership Development sections in this document.

Policy

Infrastructure Canada works with its partners to identify and assess public infrastructure needs, to evaluate priorities and funding pressures and to develop policy options for the Minister's consideration.

In 2008-2009, the department continued to deliver high quality and timely policy support and advice to develop strategic policies based on sound knowledge and strong partnerships. At the beginning of the year it was expected that efforts would focus on the implementation of the Building Canada Plan. This mandate was significantly augmented by Canada's Economic Action Plan announced in Budget 2009. The new infrastructure initiatives of the Economic Action Plan required extensive work related to policy development, program design and frameworks, and approvals and negotiations with provinces and territories.

Specific results achieved include:

- Supported the Minister in summit meetings with provinces, territories, and municipalities that led to the development of the government's five-point action plan to accelerate infrastructure investments and stimulate the economy;
- Secured Treasury Board and Cabinet approval for changes to the Building Canada Plan and overall policy and program framework to accelerate and streamline project application and approval processes;
- Secured Treasury Board and Cabinet approval for infrastructure initiatives under the Economic Action Plan worth $5.525B, as follows:
  - $4B Infrastructure Stimulus Fund (New);
  - $1B Green Infrastructure Fund (New);
  - $25M National Recreation Trails (New); and
  - $500M Top-Up to the Building Canada Fund Communities Component (BCF-CC).
- Provided policy support to the Minister in the implementation of the Building Canada Plan, and new infrastructure programs under the Economic Action Plan;
- Negotiated and signed Building Canada framework agreements for Alberta, Saskatchewan, Manitoba, Ontario and Quebec;
- Conducted interim due diligence studies of the funding eligibility of project proposals under the Building Canada Plan and provided project selection advice, based on the due diligence process to the Minister;

- Provided ongoing policy support, advice and timely information to the Minister on broad infrastructure policy and project priorities;
- Provided parliamentary and cabinet support to the Minister to ensure that Infrastructure Canada's perspectives are incorporated in relevant Parliamentary, Cabinet, inter-departmental and portfolio briefing and policy documents;
- Supported the analysis and development of federal policies impacting infrastructure initiatives in collaboration with other federal departments and other stakeholders. This includes, for example, the integration of Infrastructure Canada's objectives with other Government of Canada initiatives, such as Indian and Northern Affairs Canada's work on the federal Northern Strategy; and
- Participated in interdepartmental discussions and provided advice as required on the establishment of a federal Public Private Partnership Fund – an integral component of the Government of Canada's Private Public Partnership (P3) approach as outlined in the Building Canada Plan.

Knowledge

In 2008-2009, Infrastructure Canada worked with other governments, universities, international organizations and experts to improve research, knowledge and capacity-building. This research will promote innovation and progress in delivering world-class public infrastructure and fill knowledge gaps. The federal government's objective is to support horizontal infrastructure research that addresses emerging issues.

In 2008-2009, Infrastructure Canada has re-oriented its research and analysis efforts to help deliver key elements of the Building Canada Plan as follows:

- Shifted from primarily high-level and exploratory research to more applied internal and external research with partners and end-users. For example, to help foster evidence-based policy and facilitate decision-making on infrastructure and communities issues, four new projects were added to the existing 53 projects underway in 2008-2009 under the Research, Knowledge and Outreach (RKO) Program. These new projects focused on relevant issues such as the vulnerability of Canada's public infrastructure to the impacts of climate change, as well as the need to align municipal governments' asset condition reports to the new Public Sector Accounting Board's accounting processes for municipalities. Additional information on these and past projects can be found at: **http://www.infc.gc.ca/research-recherche/results-resultats/funres-recfin/rko-rcs-tc-tm-eng.html**;

- Increased its internal economic analysis of infrastructure issues by creating a new Economic Analysis section. This new section, supported by the Chief Economist, established in-house research and analysis expertise on priority economic issues relating to Infrastructure Canada's program delivery. Over the reporting period, the new Economic Analysis section analyzed the economic benefits of investing in infrastructure, including a counter-cyclical measure and its longer term impacts on productivity and competitiveness; and
- Strengthened and expanded research partnerships to better exchange information and knowledge, to better advise on infrastructure priorities, leverage resources to produce higher quality research and address knowledge gaps. A large number of partnerships have been developed through the Research, Knowledge and Outreach Program funded projects. A few projects have developed multi-disciplinary research communities and are maintaining them beyond the life of the project. Of particular focus in 2008-2009 was Infrastructure Canada's support of a joint project with the National Research Council and the National Round Table on Sustainable Infrastructure (NRTSI) to develop a model framework for the assessment of the state, performance and management of Canada's core public infrastructure. The NRTSI taps expertise from more than 45 infrastructure-related organizations across Canada.

For results achieved and additional information on the Research, Knowledge and Outreach Program, refer to Table 5-Details on Transfer Payment Programs, at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp**.

Partnership Development

Infrastructure Canada is committed to working cooperatively with partners at all levels of government, nationally and internationally, and across all sectors to implement a shared vision for the economic, social and environmental sustainability of Canada's infrastructure and communities. The department has continued to strengthen its capacity to develop and foster sound policies and decision-making on public infrastructure based on better knowledge, consensus and strong partnerships.

In 2008-2009, Infrastructure Canada's successful initiatives in partnership development include:

- Concluded negotiations under the Building Canada Plan with all provinces and territories by finalizing the remaining five framework agreements with Alberta, Saskatchewan, Manitoba, Ontario and Quebec;

- Strengthened collaboration with provinces, territories and municipalities through joint initiatives such as the Infrastructure Framework Committees under the Building Canada Plan, and the Gas Tax Oversight Committees responsible for monitoring the overall strategic implementation of the Gas Tax Fund (GTF) and the Provincial-Territorial Base Fund (PT Base). Infrastructure Canada also participated in important stakeholder events, such as the 2008 Federation of Canadian Municipalities Annual Conference and Municipal Expo;
- Supported the building of municipal capacity to plan for and achieve sustainability objectives, including sustainable infrastructure. This has included several Infrastructure Canada-supported presentations and workshops on Integrated Community Sustainability Plans (ICSP). These events provided a platform for the department to share information with stakeholders to help promote long-term planning on a municipal and regional scale;
- Maintained and enhanced strong partnerships with regional development agencies and other partners for the delivery of programs and projects; and
- Continued to work with international bodies on infrastructure and communities-related issues. The department has continued its international collaboration to develop and maintain partnerships with multi-lateral organizations, e.g., the Organization for Economic Co-Operation and Development (OECD), World Bank, UN-HABITAT, the Commonwealth Local Government Forum (CGLF), and other nations, to generate and communicate knowledge in support of sound policy-making.

Benefits for Canadians (Policy, Knowledge and Partnership Development)

The key role of Infrastructure Canada's policy function is to develop innovative policies and programs, identify and assess needs with respect to infrastructure, evaluate investment priorities and develop policy options using a sound evidence-base. The policy development activity requires a high degree of collaboration with other federal departments and agencies, as well as with provinces, territories, municipalities, municipal associations, First Nations, international organizations and the private sector.

Infrastructure Canada also works in partnership with other governments, universities, international organizations, and experts to improve research, knowledge and capacity-building that will promote innovation and progress in delivering world-class public infrastructure and fill knowledge gaps. The federal government's objective is to support horizontal infrastructure research that will

strengthen the information base for decision making and the development of effective policies, including improving the understanding of the state and impacts of public infrastructure, identifying internal and external conditions that shape Canada's infrastructure needs, emphasizing applied research, technical excellence and sharing of best practices to increase the life expectancy of public infrastructure.

Performance Analysis (Policy, Knowledge and Partnership Development)

In 2008-2009, Infrastructure Canada continued to deliver high quality and timely policy support and advice to develop strategic policies based on sound knowledge and strong partnerships. In the context of the Economic Action Plan, new policies and programs were quickly developed to help stimulate the economy through infrastructure investment.

As discussed under Knowledge, the department has re-oriented its research and analysis efforts to help deliver key elements of the Building Canada Plan. These changes included a shift to more research, increased economic analysis, better transfer of knowledge and strengthened partnerships.

Lessons Learned (Policy, Knowledge and Partnership Development)

One of the biggest challenges faced by Infrastructure Canada during 2008-2009, was adjusting existing programs so as to accelerate funding, while at the same time developing new funds in order to provide timely economic stimulus in support of the Economic Action Plan. Emerging from consultations with provincial, territorial, municipal and stakeholder, changes were made to streamline project review and approval processes under the Building Canada Plan. These changes were made in order to deliver infrastructure programs expeditiously in the upcoming construction season while ensuring the proper level of accountability over the use of federal funds. Although these measures were implemented as part of a five-point action plan in response to the global economic situation, these efforts to reduce duplication and inefficiencies should be taken into consideration for any future program development.

Infrastructure Canada's Knowledge, Research and Outreach program has predominantly contributed to an increase in awareness and understanding of infrastructure issues and practices, as well as information and knowledge gathering and exchange. Although significant progress has been made towards achieving its outcomes, significant knowledge gaps remain, such as the state and performance

of Canada's infrastructure, impact of investments as new ones have emerged, e.g., climate change and adaptation, and new technologies. Generating knowledge on these priority issues through rigorous, multi-disciplinary and applied analysis will ensure sound policy, program and strategic investment decisions by Infrastructure Canada and its partners.

2.2.3 Program Activity (Internal Services) by Strategic Outcome

Table 9: Program Activity 3 (Internal Services) by Strategic Outcome

This Program Activity promotes excellence in program and corporate management in support of Infrastructure Canada's priorities. Internal services consist of Governance and Management Support (management and oversight, communications and legal services), Resource Management Services (human resources management, financial management, information management and technology, travel and other administrative services), and Assets Management Services (real property, materiel and acquisitions).

2008-2009 Financial Resources (in $ thousands)			2008-2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
19,003	22,007	19,609	111	98	13

Benefits for Canadians (Internal Services)

These services provide strategic management direction and support effective and efficient program design and delivery, ensure stewardship and accountability of public funds, and build human resources capacity and leadership for program success.

Performance Analysis (Internal Services)

Management and Oversight: The reporting period of 2008-2009 saw a rapidly changing economic climate and the development of major new infrastructure program initiatives associated with the Canada's Economic Action Plan. At the beginning of the year, management attention was focused on the implementation of Building Canada Plan programs under initial policy framework agreements. In the latter half of the year, the department's focus was rapidly re-oriented to accelerate existing infrastructure funding and develop new stimulus programs to support Canada's Economic Action Plan. An increase in the Minister's delegation of authority to approve infrastructure projects was sought and obtained from Treasury Board Ministers,

a new internal Project Review Panel was established to provide independent advice and recommendations to the Minister, approval was obtained for a revised policy framework for the Building Canada Fund, and legal and policy approvals were obtained for a wide range of new and revised programs to address the country's new economic reality.

The department also made significant progress on key horizontal management initiatives contributing to an improved planning and oversight function. The Program Activity Architecture (PAA) was renewed and updated to reflect a new strategic outcome. The Corporate Risk Profile and Risk Management policy were updated, and a departmental advisory role was created to ensure a consistent application of risk management practices throughout the department. The Integrated Human Resources Plan was updated, including the specific incorporation of the values and ethics criteria, and work began on adjusting the plan to reflect the new programs under the Economic Action Plan. Internal controls, training and documentation were improved, and client business service models were designed to support continuous improvement and facilitate shared services delivery. Overall, the department continued to build internal capacity and expertise in corporate services areas to support its growing program delivery requirements.

Shared Information Management System for Infrastructure (SIMSI): Significant efforts were made to further enhance the Shared Information Management System (SIMSI) for Infrastructure modules supporting the Building Canada Fund (BCF), including the Communities Component and Major Infrastructure Component in addition to accommodating the new infrastructure funds under Canada's Economic Action Plan (notably the Infrastructure Stimulus Fund and the Green Infrastructure Fund). New business intelligence reporting tools were made available to SIMSI users in June 2008 and training was provided. SIMSI enables municipal governments to apply for project funding online, and allows Infrastructure Canada, its federal delivery partners and the provinces and territories to access applications, apply due diligence, track and report project approvals, completion and closure, track benefits, and monitor financial commitments and expenditures. In partnership with federal delivery agencies, provinces, territories and municipalities, Infrastructure Canada made significant progress in implementing a foundation for the capture and life-cycle management of data for geo-referencing project representation and mapping.

Communications: Communications services were provided to support ministerial announcements and events, and develop strategic communications and marketing approaches to increase Canadians' awareness and understanding of the Building Canada Plan and Canada's Economic Action Plan. The website "Creating Jobs: Building Communities", was developed to provide a single window for information on immediate action for infrastructure. Media relations, monitoring and analysis, new media, exhibits and media outreach also contributed to reaching stakeholders and the general public.

Project funding announcements, key trade shows such as the Federation of Canadian Municipalities, the Association of Municipalities of Ontario and the Canadian Society for Civil Engineering, advertising and significant Web initiatives reached millions of Canadians.

Section III: Supplementary Information

3.1 Financial Highlights

The financial highlights presented in this Departmental Performance Report are intended to serve as a general overview of Infrastructure Canada's financial position and operations. Financial statements can be found in the departmental Web site at: **http://www.infc.gc.ca/media/pub/index-eng.html**.

3.1.1 Condensed Financial Statements

Table 10 represents the department's Condensed Statement of Financial Position and Table 11 the Condensed Statement of Operations.

Table 10: Condensed Statement of Financial Position for the Period ending on March 31, 2009

(in $ thousands)

	% Change	2009	2008
ASSETS	-62%	59,230	156,909
Total Assets:	**-62%**	**59,230**	**156,909**
LIABILITIES	83%	132,856	72,698
Total Liabilities:	**83%**	**132,856**	**72,698**
EQUITY	-187%	(73,626)	84,211
Total Equity:	**-187%**	**(73,626)**	**84,211**

The variances above represent funding that needed to be returned to Infrastructure Canada for the Canada Strategic Infrastructure Fund's projects, in the amounts of $128.2M in 2007-2008, and $33.3M in 2008-2009.

Table 11: Condensed Statement of Operations for the Period Ending on March 31, 2009

(in $ thousands)

	% Change	2009	2008
EXPENSES	18%	2,285,061	1,944,043
Total Expenses:	18%	2,285,061	1,944,043
REVENUES	350%	9	2
Total Revenues:	350%	9	2
NET COST OF OPERATIONS:	18%	**2,285,052**	**1,944,041**

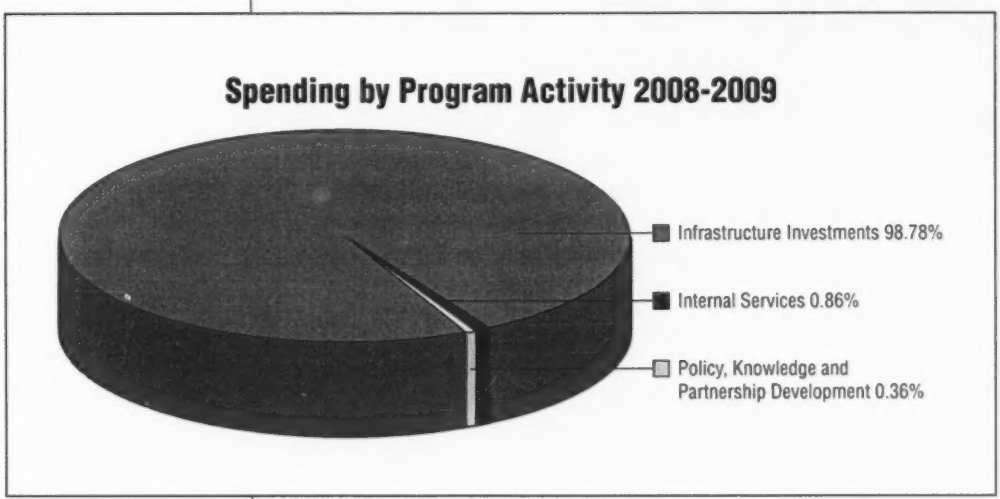
The sources of revenue are proceeds from crown assets disposals, other fees such as Access to Information and Privacy (ATIP) requests, and miscellaneous revenues such as the Bank of Montreal's rebates on acquisition cards.

3.2 Financial Highlights Chart

3.2.1 Spending Allocations by Program Activities

Figure 4 represents the 2008-2009 total spending allocation by Infrastructure Canada's three program activities during the reporting period, i.e., Infrastructure Investments, Policy, Knowledge and Partnership Development and Internal Services.

Figure 4: Spending Allocation by Program Activity


Spending by Program Activity 2008-2009
Infrastructure Investments 98.78%
Internal Services 0.86%
Policy, Knowledge and Partnership Development 0.36%

In 2008-2009, Infrastructure Canada spent a record $2.3 billion to meet the expected results of its program activities and contribute to its strategic outcome. There was a $426.8M net increase in contributions over the 2007-2008 Main Estimates requirements. This includes $327.8M for the new Provincial-Territorial Base Funding Program, and an approved budget increase under the Gas Tax Fund of $197.5M. It also reflects cash flow changes to other contributions, including the Municipal Rural Infrastructure Fund (net increase of $12.6M), the Canada Strategic Infrastructure Fund (net decrease of $79.4M), and the Border Infrastructure Fund (net decrease of $31.7M). There was also a net increase of another $11.0M in Operating Budget.

3.2.2 Financial Statements

Infrastructure Canada's financial statements can be found at the departmental Web site at: **http://www.infc.gc.ca/media/pub/index-eng.html**.

3.3 List of Supplementary Information Tables

3.3.1 List of Tables

The following five tables are available electronically at the Treasury Board Secretariat's Web site at: **http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/info/info-eng.asp**.

Table 5: Details on Transfer Payments Programs (TPP)

Table 7: Horizontal Initiatives

Table 9: Green Procurement

Table 10: Response to Parliamentary Committees and External Audits

Table 11: Internal Audits and Evaluations

As prescribed by the Policy on Transfer Payments, as of June 30, 2009, the summary of the Three-Year Plan for Transfer Payments is available at: **http://www.infc.gc.ca/pd-dp/tpp-ppt/index-eng.html**.

3.4 Other Items of Interest

In the pursuit of excellence in service delivery, Infrastructure Canada has continued to implement enhancements to various modern management practices within the overall Management Accountability Framework (MAF). This is consistent with its vision to deliver, under prudent stewardship, quality programs that generate results for Canadians. The department participated in the 2008-2009 (Round VI) MAF process, and received strong assessment ratings in several areas of management. Proactive disclosure of Round VI is scheduled to be released in February 2010.

Infrastructure Canada is working to develop and implement Phase 2 of the Treasury Board Management, Resources and Results Structure (MRRS) Policy. The MRRS is designed to improve reporting to Parliament, provide the basis to support improved decision-making and support the horizontal management of government priorities. Phase 2 consists of the development of a performance measurement framework and the development of a governance structure for decision making in the department. The performance measurement framework will help gauge the performance of all departmental activities and programs, identifying performance indicators, expected results and targets. The framework will help to provide more information in future reports on plans and priorities and departmental performance reports. Infrastructure Canada also continues to respect Government of Canada administrative policies in such areas as proactive disclosure, public opinion research and communications.

As previously stated in this report, through its Economic Action Plan, the federal government has established the new $4 billion Infrastructure Stimulus Fund (ISF) that provides funding to provincial, territorial and municipal construction-ready infrastructure rehabilitation projects. Funding is available for two years for projects that begin during the 2009 and 2010 construction seasons and can be completed before March 31, 2011. The ISF complements existing federal infrastructure funding by focusing on short-term objectives for economic stimulus. To further this goal of rapid economic stimulus, the ISF will focus on construction–readiness as important project selection criteria. The full $4 billion will be distributed in fiscal years 2009-2010 and 2010-2011. Projects will focus largely on the rehabilitation of existing assets such as water, wastewater, public transit, highways, roads, culture, parks, trails and municipal buildings.

Also previously mentioned in this report, the $1 billion Green Infrastructure Fund (GIF) was announced under the Economic Action Plan and provides funding to projects that improve the quality of the environment and that support sustainable, long-term economic growth. Funding is available as a national envelope, with no provincial/territorial allocation, over a five-year basis beginning in 2009-2010. The focus of the Green Infrastructure Fund in on large-scale, strategic infrastructure projects that promote cleaner air, reduced greenhouse gas emissions and cleaner water. Eligible categories include: Wastewater infrastructure, green energy generation infrastructure, green energy transmission infrastructure, solid waste infrastructure, carbon transmission and storage infrastructure.

In addition, in 2008-2009, Infrastructure Canada sought and received approval from the Treasury Board Secretariat to raise the Minister's delegated authority to $100 million for projects under all project categories under the Building Canada Fund (BCF).

3.5 Contact Information

For more information, please visit **www.infrastructure.gc.ca** or contact:

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Telephone toll free: 1-800 O-Canada (1-800-622-6232)
National fax line on infrastructure: 613-948-9138

For more information on the Building Canada Plan, please visit **www.buildingcanada.gc.ca**.